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NSC BRIEFING

4 November 1959

PANAMA

- I. Further violence may follow in wake of Tuesday's rioting.
  - A. Injury of several Panamanian demonstrators by US troops may be used as excuse for new anti-US riots.
  - B. National Guard did not attempt to halt demonstrations.
  - C. CZ governor called US army to expel demonstrators from Zone.
- II. This one of worst anti-US outbreaks in Panamanian history.
  - A. Presence of Communist agitators reported but not confirmed.
  - B. Radio Moscow reported riots and cited examples of how Canal Company has "exploited" Panama.
- III. Demonstration leader Aquilino Boyd seeks to exploit anti-US sentiment for his own political advantage.
  - A. Boyd, an ex-foreign minister, is a candidate for president in May 1960 election.
  - B. In July he called for peaceful occupation of Zone on 3 Nov.
  - C. He is advocate, along with university professor Ernesto Castillero, of 50-50 split in Canal revenues.
- IV. Government may use Canal Zone issues to divert criticism of its economic and social policies.
  - A. Lack of prompt action by administration likely due to political unpopularity of defending US interests.
  - B. Pre-election promises of all parties stress determination to fight for additional Canal benefits.
  - C. Foreign Minister made three important speeches in last three months accusing US of failure to comply with 1955 treaty.
  - D. Attacks on US Canal Zone policies will intensify as May 1960 elections approach.

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